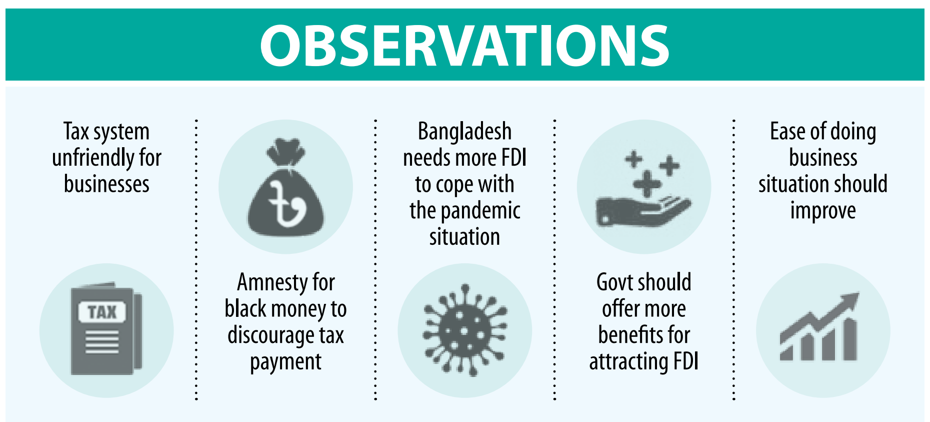
Attracting FDI more crucial than ever: experts



STAR BUSINESS REPORT

Bangladesh needs to amend tax rules, simplify business procedures and ensure facilities for international investors to attract foreign direct investment, said speakers yesterday.

"It is crucial than ever to bring FDIs to tackle the Covid-19 fallout. For this reason, the government should relax rules and ensure competitive facilities," said Mohammad Abdur Razzaque, chairman of the Research Policy Integration for Development (RAPID), a think-tank.

Syed Nasim Manzur, managing director of Apex Footwear, alleged that the local tax system was not business-friendly, making it a significant obstacle to transforming Bangladesh into a manufacturing country.

The tax system discourages the FDI to flow to Bangladesh, he said.

They commented while addressing a webinar on "FDI for Export Diversification and Smooth LDC Graduation", organised by the Economic Reporters' Forum (ERF) in collaboration with the RAPID and The Asia Foundation.

The Bangladesh Investment Development Authority (Bida) can't directly work to improve the ease of doing business due to a lack of authority, said its Executive Chairman Md Sirazul Islam.

"The Bida has to contact concerned authorities to perform any action or reform activities," he said.

In some cases, the concerned authorities agree with the Bida, but usually, they waste time or do not take the initiative to fulfil its request, which is a big obstacle to bringing rapid change, he added.

For example, foreign investors and workers who availed visas for Bangladesh through the Bida had asked the organisation to manage Covid-19 vaccines for them.

The Bida has held meetings with the foreign ministry and the health ministry to arrange the coronavirus jab, Islam said. It is yet to provide vaccines to the roughly 15,000 foreigners working in Bangladesh.

"It is a matter of the country's image that the government would manage vaccines for foreigners, who would appreciate the initiative. This would help attract more FDIs," he added.

Islam also said that Bida had taken measures to set up two separate courts to deal with commercial disputes quickly and suggest updates on the arbitration act.

"We are continuously working to attract more FDI," Islam said.

Planning Minister MA Mannan said there was a lack of follow-up on the work done in Bangladesh even though the rules and laws are in place.

READ MORE ON B3

Potatoes produced by BADC's contract growers going abroad

DISTRICTS IN FOCUS

QUAMRUL ISLAM RUBAIYAT *from Thakurgaon*

Under the supervision of BADC, the first consignment of 28 tonnes of the diamond variety of potato was sent to Malaysia on March 30. PHOTO: QUAMRUL ISLAM RUBAIYAT

Potatoes produced by contract growers of the Bangladesh Agricultural Corporation (BADC) are now being exported to Malaysia, a development that is likely to encourage farmers to improve the quality of their produce in order to reap fair prices.

Under the supervision of BADC, the first consignment of 28 tonnes of the diamond potato variety was sent to Malaysia on March 30.

Another roughly 70-tonne shipment of potato was sent abroad in two phases earlier this month, according to Abdul Hai, deputy director (tuber crops) at BADC's Panchagarh office.

The shipment increased the scope for potato growers to get higher prices as the popular vegetable is sold at Tk 10-12 per kilogramme (kg) in the capital's Farmgate area yesterday.

Hai said contract growers get Tk 14.20 per kg for exported potatoes.

Officials and farmers said BADC produces foundation and certified seeds of potatoes through its contract growers.

BADC buys foundation and certified seeds from farmers after harvest. Farmers have to sell the rest of the vegetable to local markets, where the prospect of getting fair prices in the peak season remains elusive.

Abdul Matin, a farmer from Panchagarh Sadar upazila, said farmers will feel encouraged to cultivate potatoes on more land if they get higher prices because of increased exports.

The farmer from the northwest bordering district cultivated the diamond potato variety on 11 acres of land by investing Tk 11 lakh this season.

Of the production, he exported 18 tonnes to Malaysia through BADC.

Matin is expected to supply 66 tonnes of potato seeds to BADC at an approximate price Tk 20 per kg. He will sell the rest of the potatoes to the local market.

Potato cultivation has grown 4 per cent year-on-year to reach 4.86 lakh hectares, data from the Department of Agricultural Extension (DAE) and Bangladesh Bureau of Statistics (BBS) shows.

Growers produced 96 lakh tonnes of the tuber crop in fiscal 2019-20, according to BBS estimates.

Of the total production, 46,000 tonnes were exported.

Similarly, around 45,600 tonnes of potatoes were shipped between July and April of the ongoing fiscal, said Mohammad Anwar Hossain, director of the DAE's Plant Quarantine Wing.

KS Trade International, a local exporter, had sent the shipment on behalf of BADC to Malaysian importer Chin Huat Trading.

BADC targets to export 500 tonnes of potato this year.

Apart from Panchagarh, 57 tonnes from Bogura, 27 tonnes from Ullapara in Sirajganj and 150 tonnes from Rangpur had already been exported as of Tuesday.

Sources said the BADC has cultivated three varieties of potato, including BARI Alu-7 (diamond), BARI Alu-13 (granula) and BARI Alu-25 (Esterik), on 300 acres of land in the export-block under 18 zones of the country.

From this harvest, 5,000 tonnes of potato have been sorted for export year-round and will be kept in BADC's cold storages.

Md Biozid, a contract grower at Marea Keramatpara village at Boda upazila of Panchagarh who cultivated potato on 23 acres area exported three tonnes of the crop.

The grower who invested Tk 22 lakh to cultivate potato expected to earn Tk 35 lakh from the harvest.

Biozid said BADC provided loans of Tk 68,000 per acre, which was very helpful to mitigate cultivation costs.

In Panchagarh, growers cultivated potato on 300 acres of land under the supervision of BADC.

Abdul Hai said the sandy-loamy soil of Panchagarh is good for potato cultivation. The tuber crops grown here are popular among exporters because of their good size, shapes and colour.

He hoped that potato exports from the region would increase further in the future.

GLOBAL BUSINESS

China's GDP jumps record 18.3pc but post-Covid recovery seen losing steam

REUTERS, *Beijing*

REUTERS/FILE

People dine inside a restaurant at a newly opened shopping mall in Beijing.

China's economic recovery quickened sharply in the first quarter to record growth of 18.3 per cent from last year's deep coronavirus slump, propelled by stronger demand at home and abroad and continued government support for smaller firms.

But the brisk expansion, heavily skewed by the plunge in activity a year earlier, is expected to moderate later this year as the government turns its attention to reining in financial risks in overheating parts of the economy.

While the jump in gross domestic product (GDP) undershot the 19 per cent forecast by economists in a Reuters poll, the official data showed it was the fastest growth since quarterly records began in 1992 and up from 6.5 per cent in the fourth quarter last year.

"The upshot is that the economy already above its pre-virus trend and policy support being withdrawn, China's post-COVID rebound is levelling off," said Julian Evans-Pritchard, senior china economist at Capital Economics. "We expect quarter-on-quarter growth to remain modest during the rest of this year as the recent boom in construction and exports unwinds, pulling activity back towards trend."

Aided by strict virus containment measures and emergency relief for businesses, the economy has recovered from a steep 6.8 per cent slump in the first three months of 2020, when an outbreak of COVID-19 in the central city of Wuhan rapidly became a crippling pandemic that has killed about 3 million worldwide.

China's rebound has been led by exports as factories raced to fill overseas orders and more recently a steady pickup in consumption as shoppers returned to restaurants, malls and car dealerships.

Retail sales increased 34.2 per cent year-on-year in March, beating a 28.0 per cent gain expected by analysts and stronger than the 33.8 per cent jump seen in the first two months of the year.

Other data, however, showed a moderation in expansion with quarter-on-quarter growth slowing to 0.6 per cent in January-March from a revised 3.2 per cent in the previous quarter, missing expectations for a 1.5 per cent increase.

Factory output grew 14.1 per cent year-on-year in March, slowing from a 35.1 per cent surge in the January-February period and lagging a forecast 17.2 per cent rise.

National Bureau of Statistics spokeswoman Liu Aihua told a news conference on Friday while the economy started 2021 on a firm footing, the services sector and smaller firms still faced challenges, while consumer inflation was likely to remain moderate.

Data last week showed consumer prices rising at only a modest pace in March, even as factory gate inflation hit a near three-year high.

"Looking forward, the trend of normalisation may continue for the rest of the year, and domestic consumption is expected to be the major growth driver," said Chaoping Zhu, global market strategist at J.P. Morgan Asset Management in Shanghai.

Clean crude? Oil firms use offsets to claim green barrels

REUTERS

In January, Occidental Petroleum announced it had accomplished something no oil company had done before: It sold a shipload of crude that it said was 100 per cent carbon-neutral.

While the two-million-barrel cargo to India was destined to produce more than a million tons of planet-warming carbon over its lifecycle, from well to tailpipe, the Texas-based driller said it had completely offset that impact by purchasing carbon credits, powering drilling operations with renewable power and investing in expensive and commercially unproven technology to capture and store emissions.

The moves are designed to secure a future for the fossil fuel industry in a world where investors, activists and regulators demand action to stop climate change. In some cases they are also designed for profit: Companies have begun seeking a premium price for what they call cleaner petroleum products.

Although carbon credits do nothing to reduce the pollution from a given barrel of oil, proponents of offset programs argue that credit purchases help finance clean-energy efforts that otherwise would not be profitable. Critics blast such programs as smoke-and-mirrors public relations efforts that allow polluters to scrub their image while they continue to profit from climate damage.

REUTERS/FILE

Equipment used to process carbon dioxide, crude oil and water is seen at an Occidental Petroleum Corp enhanced oil recovery project in Hobbs, New Mexico, US.

Such credits are financial instruments generated by projects that reduce or avert greenhouse-gas emissions such as mass tree plantings or solar power farms. The projects owners can sell the credits to polluting companies, who then use them to make claims of offsetting their carbon emissions.

Details of the Occidental transaction have not been previously reported. Two sources involved in the deal told Reuters that the driller paid about $1.3 million for the credits or about 65 cents per barrel. Oil currently sells for more than $60 a barrel.

Occidental says such credits make the two-million-barrel cargo carbon-neutral because they represent an equivalent amount of greenhouse gas removed from the atmosphere by the projects generating the credits. The arrangement reflects a growing trend. Oil-and-gas companies worldwide are increasingly trying to market their products as cleaner using a range of controversial methods, including buying

Oil company claims of clean fuels through offseting are like "a tobacco company saying they sell nicotine-free cigarettes because they paid someone else to sell some chewing gum," said David Turnbull, a spokesman for Washington-based Oil Change International, an advocacy group opposing fossil fuels.

NO CLEAR STANDARDS National and global carbon credit programs establish guidelines that projects must follow to in order to sell offsets. The programs rely on companies and nonprofit organizations such as Verra and SustainCERT to issue and verify credits under their standards.

Pandemic destroyed fewer US businesses than feared, Fed study shows

REUTERS

REUTERS/FILE

A man walks past the Federal Reserve Bank in Washington.

Fewer than 200,000 businesses in the United States may have failed during the first year of the COVID-19 pandemic, a lighter toll than initially feared and one that may have had relatively little impact on unemployment, according to Federal Reserve research.

The figure contrasts with the early forecasts that the pandemic would leave America's "Main Street" desolate as well as with polls that continue to show large percentages of US small business owners are worried about their survival.

Perhaps 600,000 businesses, most of them small firms, fail in any given year, and US central bank researchers estimated that from March 2020 through February of this year the figure has been perhaps a quarter to a third higher.

That included 100,000 "excess" failures among firms engaged in close-contact services such as barber shops and nail salons, a sector described by the Fed research group as the sector hardest hit by the economic fallout from the pandemic.

While potentially devastating for the owners and employees of those firms, "relative to popular discussion ... our results may represent an optimistic update to views about pandemic-related business failure," the authors wrote.

Offsetting the hit to those services-oriented businesses, they noted, carry-out restaurants, grocery stores and outdoor recreation companies seemed to suffer fewer failures than usual, with the net result being a smaller-than-anticipated blow to the overall economy.